



United States Attorney District of New Jersey

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CONTACT: Rebekah Carmichael

Office of Public Affairs

(973) 645-2888

MERCER COUNTY MAN SENTENCED TO FEDERAL PRISON FOR FAILING TO PAY MORE THAN \$1 MILLION IN TAXES WITHHELD FROM EMPLOYEES

TRENTON, N.J. – A Mercer County, N.J., man who owned companies operating in three states and the Cayman Islands was sentenced today to eight months in prison and two months of home confinement for income tax evasion and failing to pay over \$1 million in taxes he withheld from the salaries of his employees, U.S. Attorney Paul J. Fishman announced.

Philip N. Burgess Jr., 48, pleaded guilty on October 29, 2008, before United States District Judge Mary L. Cooper to charges of income tax evasion and failure to pay payroll taxes to the IRS. Judge Cooper also imposed the sentence this afternoon in Trenton federal court.

According to documents filed in this case and statements made in court:

During the relevant period, Burgess owned and operated various companies located in Georgia, New Jersey, Massachusetts, and the Cayman Islands (“the Burgess Companies”). Between January 2003 and March 2005, he established and operated Bristol Employee Services (“BES”) as an employee leasing company that provided employees and related payroll services to all of the Burgess Companies. Burgess admitted that between January 2003 and March 2005, he directed BES to withhold approximately \$1.3 million in taxes – known as Trust Fund and Payroll Taxes – from employee paychecks and the Burgess Companies’ revenues. Burgess was obligated to pay these and other taxes to the IRS, but did not.

Burgess also admitted that at the same time that he was failing to pay the taxes, he caused the Burgess Companies to make approximately \$1 million in payments that benefitted him personally. Burgess failed to report any of those payments as income on his individual income tax returns for the years 2000 through 2004. The payments covered, among other things, a two-week chartered Caribbean vacation aboard a 72-foot motor yacht, approximately \$200,000 in mortgage payments on Burgess’ Princeton, N.J. residence, and the installation of a 500-square foot in-ground pool at the house.

In addition to the prison term, Judge Cooper sentenced Mr. Burgess to three years of supervised release. As a condition of his supervised release, Judge Cooper also ordered him to cooperate with the IRS in making approximately \$3.5 million in payments on back taxes, interest, and penalties.

One of Burgess’ employees, Stephen R. Parrish, 57, of Princeton, was also charged with income tax evasion based on his failure to declare more than \$500,000 in payments from the Burgess Companies. Parrish pleaded guilty on June 18, 2008, to income tax evasion and was

sentenced by Judge Cooper to three months in prison and three months of home confinement.

U.S. Attorney Fishman credited special agents of IRS – Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff in Newark, with the investigation.

The government is represented by Assistant U.S. Attorney Seth Kosto of the U.S. Attorney's Office Economic Crimes Unit in Newark

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Defense counsel:

Burgess: Gerald Krovatin, Esq., Newark

Parrish: John P. McDonald, Somerville, N.J.